National Security Personnel System

Background – Status – The Way Ahead

Briefing for ……

5 May 2004

Overview

- Background/Authority
- Strategic Engagement
- NSPS Program Objectives
- Program Description
  - Key Elements
  - Expected Outcomes
- The Way Ahead

Background

- Signed into law as part of FY 04 NDAA (PL 108-136), November 2003
- Most sweeping change in civilian personnel management since the 1978 Civil Service Reform Act
- Grants SECDEF & Director, OPM, authority to establish DoD HR system
  - Hiring Flexibilities
  - Pay Banding
  - Pay-for-Performance
- New DoD Labor Management Relations system
- New appeal/grievance process
- “Strategic Engagement” in April 2004
  - Review & realign to move forward

Strategic Engagement – April 2004

- SecDef directed a 3-week strategic review of NSPS
- Six integrated teams formed with broad DoD, OPM & OMB participation and briefings by DHS and GAO:
  - OIPT - Process
  - Requirements - Program
  - Personnel - Communications
- "Where are we" letter to all civilian employees
- Briefs and discussions with Congress. Media and uni

Results of Strategic Engagement are basis for the rest of this Briefing. They form the basis for the Way Ahead

Why NSPS?

- Current system inadequate to manage DoD civilian personnel in today's environment;
  - Hiring too slow; recruiting adversely affected
  - Outstanding performers paid the same as poor performers
  - Limited flexibility to reassign
  - Limited accountability
- NSPS needs to bring about essential change while preserving the core and enduring values of the civil service

Guiding Principles

- NSPS Must:
  - Put mission first - support National Security goals & strategic objectives
  - Respect the individual; protect rights guaranteed by law
  - Value talent, performance, leadership and commitment to public service
  - Be flexible, understandable, credible, responsive, executable
  - Ensure accountability at all levels
  - Balance HR interoperability with unique mission requirements
  - Be competitive and cost effective

Required Capabilities

- ✓ High performing workforce and management
- ✓ Agile & responsive workforce and management
- ✓ Credible & trusted
- ✓ Fiscally sound
- ✓ Supporting infrastructure (training & IT systems)
- ✓ Timely implementation

Objective:

A DoD Human Resources environment promoting employee growth, initiative, performance and accountability that places the right person in the right job with the right skills at the right time at the right cost

What Will Be Retained Under NSPS?

- Merit Systems Principles
- Veterans' Preference
- Rules against Prohibited Personnel Practices
- Anti-discrimination laws
- Leave and attendance rules
- Travel and subsistence rules
- Pay for political executives, firefighters
- Rules on Employee Training
- Health insurance and retirement benefits
- Safety and drug abuse programs

Key Elements – What Will Change

- Staffing: Hiring, Assignment, Advancement, Removal, RIF
  - Expedited hiring for emergency & hard-to-fill jobs
  - Simplified job changes
  - Competition and advancement
  - Modernized Veterans Preference referral options
  - RIF primarily based on performance, not just longevity
  - Expanded appointing authorities
  - Increased flexibility for conversions and lateral movements

Designs will be finalized in a collaborative process

Key Elements – What Will Change

- Job Classification/Pay for Performance
  - Pay Banding (simplified job classification)
  - Elimination of “grades and steps” pay architecture
  - Pay increases tied to performance/contribution
  - Locality pay entitlement retained

Designs will be finalized in a collaborative process

Statutory Requirements – Pay for Performance

- Adhere to merit principles
- Ensure a fair, credible & transparent performance appraisal system
- Show linkage between the system and agency strategic plan
- Ensure employee involvement in system design and implementation
- Provide adequate training and retraining for all in implementation & operation
- Provide for ongoing performance feedback and dialogue between supervisors, managers, and employees throughout appraisal period with timetables for review
- Establish effective safeguards to ensure system & management is fair, equitable, based on employee performance
- Be properly resourced
- Pro… com…

Designs will be finalized in a collaborative process

Key Elements – What Will Change

- Labor Management Relations:
  - Working to develop regulations in collaborative process
  - Union consultation at each step of the process
- Discipline, Adverse Actions and Appeals:
  - Due process for all employees
  - Standards and procedures consistent with merit system principles
  - Working to develop regulations in collaborative process
  - Union consultation at each step of the process

- Rulemaking using the Federal Register system and publication in the Code of Federal Regulations after approval by SECDEF ar

Designs will be finalized in a collaborative process

Comparing the Old & New

Function	Current System	NSPS Concept
Structure	▪ Rigid job grade structure: 15 levels ▪ Employee works within job grade level, or else personnel action req'd	▪ Jobs banded to 3-4 levels ▪ Employee works to capability within range mission needs ▪ Fewer personnel actions to process
Acquire	▪ Selection forced from ranked list of candidates ▪ Constrained 'direct hire' authority ▪ 200 appointing authorities	▪ Selection from highest group of Best Qualified/Highly Qualified/Qualified candidates ▪ More flexible 'direct hire' authority ▪ Simpler appointing authorities
Distribute	• Assign work/assign employee within grade level, specialty	▪ Assign range of work/assign employee within broad band level
Sustain	▪ Highly structured pay system: ✓ normally start at first step of grade ✓ guaranteed progress by steps within grade ▪ Performance rating has little impact on pay or career progression.	▪ Flexible pay system: ✓ entry/job change pay can be market sensitive ✓ within-band raises based on contributions/performance
Separate	▪ Reduction in force: main factor length of service.	▪ Reduction in force: stronger role for performance.

Designs will be finalized in a collaborative process

Stand Alone Provisions

- VERA & VSIP
  - Permanent downsizing/restructuring authority
  - Limited to 25,000 employees per year - not including BRAC
  - DoD implementing guidance issued 30 December 2003
- Elimination of pay offset for rehired annuitants
  - DoD policy issued 18 March 2004
- Appointment authority up to 2500 highly qualified experts
  - DoD policy issued 17 February 2004
- Special pay & benefits for certain employees outside US

The Way Ahead – Process

- Full partnership with OPM
  - NSPS regulations jointly signed
  - Publication in Federal Register with comment period
- Mission first, employee-centric approach with broad collaboration
  - Union consultation at each step of the process
- Defense Acquisition Management model adopted for NSPS design and implementation
- “Governance” through Senior Executive, OIPT & PEO
- Aggressive but event-driven schedules

The Way Ahead – Full Partnership with OPM

- OPM to participate in development of regulations
- Regulations to be jointly signed by SecDef and Director of OPM
- DoD to design, publish, execute and change internal DoD procedures within regulations
- OPM to provide assistance/expertise throughout the program

The Way Ahead – Broad Collaboration

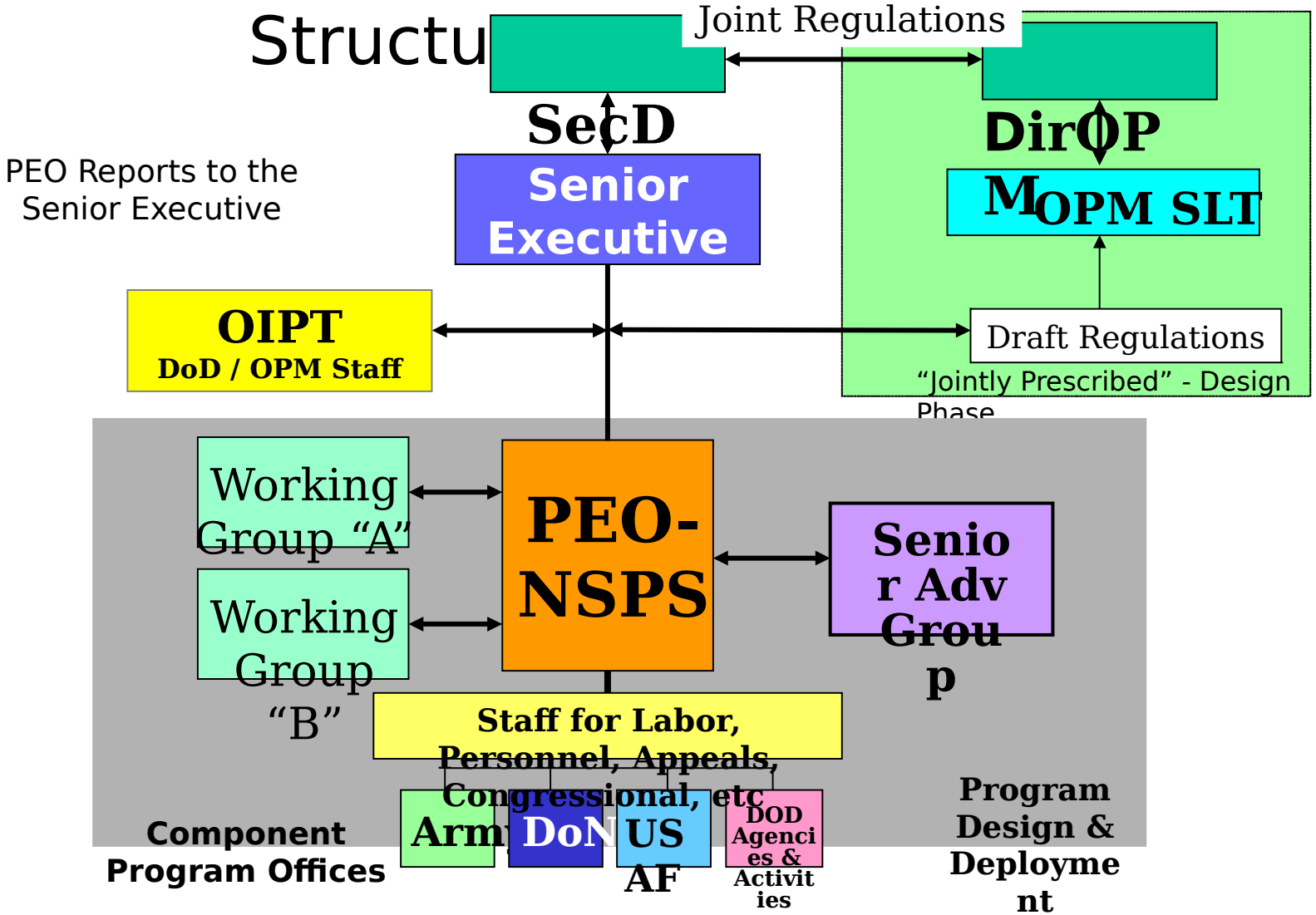
- DoD / OPM working group to develop Labor Relations framework
- Parallel DoD working group with OPM and MSPB to develop Appeals proposal
- Third DoD / OPM working group to develop Human Resources and Pay-for-Performance proposals
- All three products need to support national security mission
- Consultation with unions and non-represented employees at each step of process:
  - Concept, interim regulations, final regulations – more often as necessary
- Develop list of independent parties and provide access at appropriate times

Working Groups & Focus Groups will include Stakeholders, Line Management, HR Community

The Way Ahead – Program Approach

- Defense Acquisition Management model adopted for NSPS design and implementation
  - Establish a Program Executive Officer (PEO) to manage all aspects of NSPS design & implementation
  - Spiral implementation approach – Pilots & phased roll-outs thru Dec 06
  - "Governance" through Senior Executive, OIPT & PEO
- Milestones adjusted to reflect aggressive but event-driven schedules
  - DoD-wide LR roll-out: around Jun 05 (notional)
  - HR/PFP & Appeals Pilots: around Jul 05 (notional)
    - *How many & who participates: TBD*
- Major focus on communication & change management

PEO-NSPS Reporting and Governance Structu



The Way Ahead – Critical Tasks for the PEO

- Develop overarching design and implementation plans
  - *Conduct baseline assessment of current system outcomes*
- Develop and execute a comprehensive communications strategy
- Develop NSPS policy and procedural framework
- Collaborate & design broad human resources, labor management relations and appeals systems.
- Develop and execute training strategy
- Modify human resources information/data systems
- Publish detailed guidance
- Realign existing HR framework consistent with NSPS
- Conduct Pilot deployment programs
- Include learning from Pilots and deploy to DOD organizations
  - *Monitor implementation, assess, adjust as necessary*
  - *Proceed with spiral implementation thru FOC*

Lessons Learned from the Demos

- Communication is critical
  - Employees
  - Managers
  - Stakeholders
  - Congress
  - Media
- Training is essential
- Employee acceptance must be earned
- Supervisors set the tone
- Transition planning reduces risk
- Continuous assessment & evaluation pays off

In Conclusion

- NSPS Design & Implementation Process Underway
  - Open and collaborative
- Will meet full intent of Congress
  - Involvement of all stakeholders
  - Event driven
  - In full support of National Security goals and objectives
- Implementation will start with “Pilots” – then “spiral” to rest of DOD
- Signals profound change
- Requires Leadership involvement
- Provides an historic opportunity
- Presents significant challenges

How you can help?
Stay informed - Understand and Support NSPS
www.cpms.osd.mil/nsps

BACKUP SLIDES

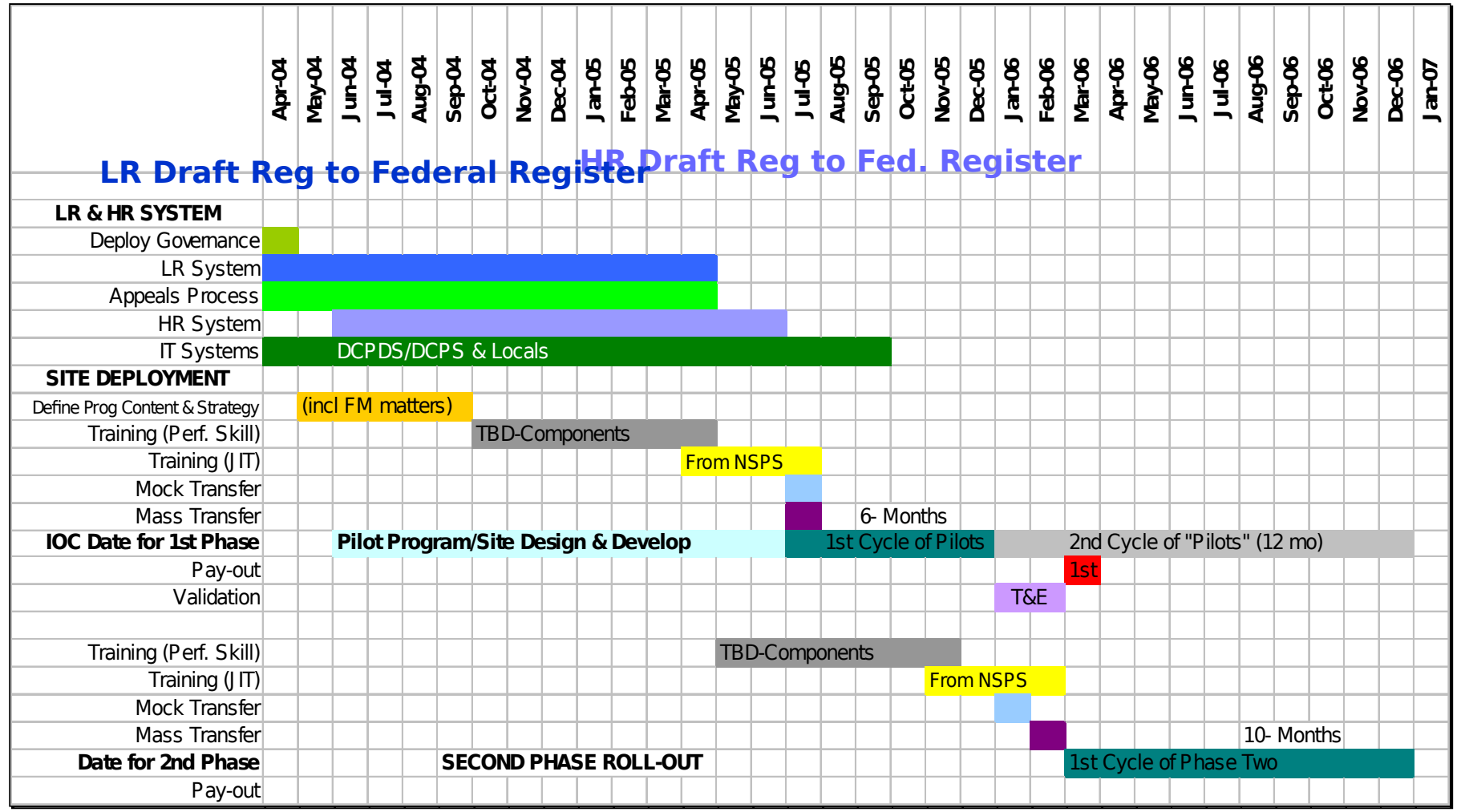
Program Executive Office (PEO)

- Focal point for NSPS development & implementation
  - Joint DoD governance structure (Director, OIPT, PEO)
    - Interim PEO - Mr. Pete Brown
    - Interim Director for HR system - Mr. Brad Bunn
    - Interim Director for labor mgmt relations & appeals - Mr. Dave Snyder
  - In partnership with OPM
  - Dedicated staff with matrix teams supporting common functions & unique program needs
  - Component/DoD PMs engaged

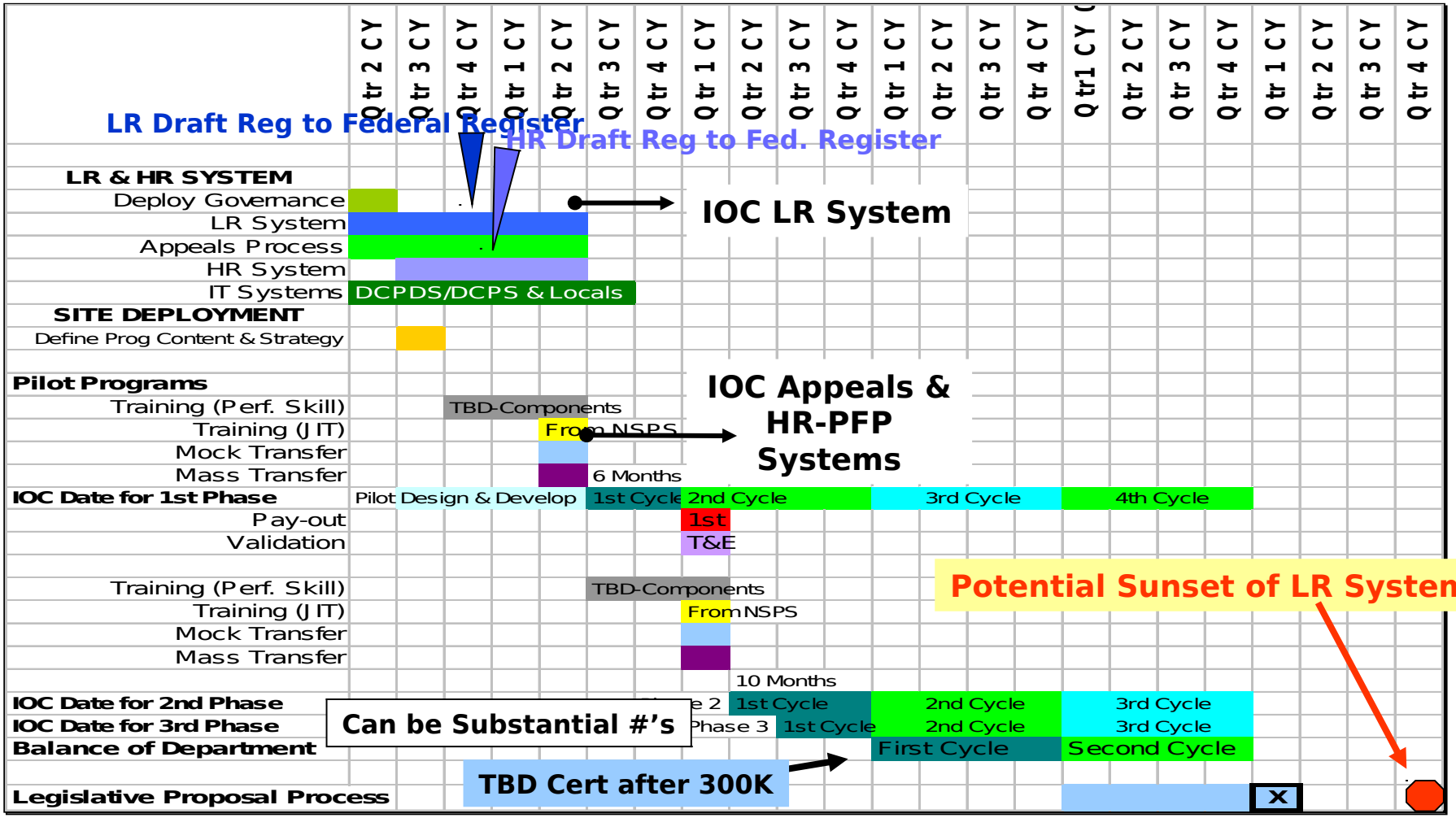
Program Executive Office (PEO) (con't)

- Spiral implementation approach
  - Aggressive, event-driven milestones
  - Phased roll-outs beginning around July 2006
  - Full NSPS deployment occurring over several years

Notional Monthly Spiral Implementation Schedule



Notional Quarterly Schedule for Full Implementation



Defense Acquisition Management Approach